Globalization, Neoliberalism, Health Inequalities, and Quality of Life

NEOLIBERALISM AS A CLASS IDEOLOGY; OR, THE POLITICAL CAUSES OF THE GROWTH OF INEQUALITIES

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Neoliberalism is the dominant ideology permeating the public policies of many governments in developed and developing countries and of international agencies such as the World Bank, International Monetary Fund, World Trade Organization, and many technical agencies of the United Nations, including the World Health Organization. This ideology postulates that the reduction of state interventions in economic and social activities and the deregulation of labor and financial markets, as well as of commerce and investments, have liberated the enormous potential of capitalism to create an unprecedented era of social well-being in the world's population. This article questions each of the theses that support such ideology, presenting empirical information that challenges them. The author also describes how the application of these neoliberal policies has been responsible for a substantial growth of social inequalities within the countries where such policies have been applied, as well as among countries. The major beneficiaries of these policies are the dominant classes of both the developed and the developing countries, which have established worldwide class alliances that are primarily responsible for the promotion of neoliberalism.

A trademark of our times is the dominance of *neoliberalism* in the major economic, political, and social forums of the developed capitalist countries and in the international agencies they influence—including the International Monetary Fund (IMF), the World Bank, the World Trade Organization (WTO), and the technical agencies of the United Nations, such as the World Health Organization (WHO), Food and Agriculture Organization, and UNICEF. Starting in the United States during the Carter administration, neoliberalism expanded its influence through the Reagan administration and, in the United Kingdom, the Thatcher administration,

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to become an international ideology. Neoliberalism holds to a theory (though not necessarily a practice) that posits the following:

1. The state (or what is wrongly referred to in popular parlance as "the government") needs to reduce its interventionism in economic and social activities.
2. Labor and financial markets need to be deregulated in order to liberate the enormous creative energy of the markets.
3. Commerce and investments need to be stimulated by eliminating borders and barriers to allow for the full mobility of labor, capital, goods, and services.

Following these three tenets, according to neoliberal authors, we have seen that the worldwide implementation of such practices has led to the development of a "new" process: a globalization of economic activity that has generated a period of enormous economic growth worldwide, associated with a new era of social progress. For the first time in history, we are told, we are witnessing a worldwide economy, in which states are losing power and are being replaced by a worldwide market centered in multinational corporations, which are the main units of economic activity in the world today.

This celebration of the process of globalization is also evident among some sectors of the left. Michael Hardt and Antonio Negri, in their widely cited *Empire* (1), celebrate the great creativity of what they consider to be a new era of capitalism. This new era, they claim, breaks with obsolete state structures and establishes a new international order, which they define as an imperialist order. They further postulate that this new imperialist order is maintained without any state dominating or being hegemonic in that order. Thus, they write (1, p. 39):

> We want to emphasize that the establishment of empire is a positive step towards the elimination of nostalgic activities based on previous power structures; we reject all political strategies that want to take us back to past situations such as the resurrection of the nation-state in order to protect the population from global capital. We believe that the new imperialist order is better than the previous system in the same way that Marx believed that capitalism was a mode of production and a type of society superior to the mode that it replaced. This point of view held by Marx was based on a healthy despisement of the parochial localism and rigid hierarchies that preceded the capitalist society, as well as on the recognition of the enormous potential for liberation that capitalism had.

Globalization (i.e., the internationalization of economic activity according to neoliberal tenets) becomes, in Hardt and Negri's position, an international system that is stimulating a worldwide activity that operates without any state or states

leading or organizing it. Such an admiring and flattering view of globalization and neoliberalism explains the positive reviews that *Empire* has received from Emily Eakin, a book reviewer for the *New York Times,* and other mainstream critics, not known for sympathetic reviews of books that claim to derive their theoretical position from Marxism. Actually, Eakin describes *Empire* as the theoretical framework that the world needs to understand its reality.

Hardt and Negri celebrate and applaud, along with neoliberal authors, the expansion of globalization. Other left-wing authors, however, mourn rather than celebrate this expansion, regarding globalization as the cause of the world's growing inequalities and poverty. It is important to stress that even though the authors in this latter group—which includes, for example, Susan George and Eric Hobsbawm—lament globalization and criticize neoliberal thinking, they still share with neoliberal authors the basic assumptions of neoliberalism: that states are losing power in an international order in which the power of multinational corporations has replaced the power of states, operating within a global market that is responsible for the international order (which neoliberals applaud) or disorder (which some left-wing critics lament).

THE CONTRADICTION BETWEEN THEORY AND PRACTICE IN NEOLIBERALISM

Let's be clear right away that neoliberal *theory* is one thing and neoliberal *practice* another thing entirely. Most members of the Organization for Economic Cooperation and Development (OECD)—including the U.S. federal government—have seen state interventionism and state public expenditures *increase* during the past 30 years. My area of scholarship is public policy, and, as such, I study the nature of state interventions in many parts of the world. I can testify to the expansion of state intervention in most countries in the developed capitalist world. Even in the United States, Reagan's neoliberalism did not translate into a decline of the federal public sector. As a matter of fact, federal public expenditures increased under his mandate, from 21.6 to 23 percent of gross national product (GNP), as a consequence of a spectacular growth in military expenditures from 4.9 to 6.1 percent of GNP during the Reagan years (2). This growth in public expenditures was financed by an increase in the federal deficit (creating a burgeoning of the federal debt) and increase in taxes. As the supposedly anti-tax president, Reagan in fact increased taxes for a greater number of people (in peace time) than any other president in U.S. history. And he increased taxes not once, but twice (in 1982 and in 1983). In a demonstration of class power, he reduced the taxes of the top 20 percent (by income) of the population enormously, at the cost of increasing taxes for the majority of the population.

It is not accurate, therefore, to say that President Reagan reduced the role of the state in the United States by reducing the size of the public sector and lowering taxes. What

Reagan (and Carter before him) did was dramatically change the nature of state intervention, such that it benefited even more the upper classes and the economic groups (such as military-related corporations) that financed his electoral campaigns. Reagan's policies where indeed class policies that hurt the majority of the nation's working class. Reagan was profoundly anti-labor, making cuts in social expenditures at an unprecedented level. It bears repeating that Reagan's policies were not liberal: they were Keynesian, based on large public expenditures and large federal deficits. Also, the federal government intervened very actively in the nation's industrial development (mainly, but not exclusively, through the Defense Department). As Caspar Weinberger (3), secretary of defense in the Reagan administration, once indicated (in response to criticisms by the Democratic Party that the U.S. government had abandoned the manufacturing sector), "Our Administration is the Administration that has a more advanced and extended industrial policy in the western world." He was right. No other Western government had such an extensive industrial policy. And today, the huge growth of the U.S. biomedical industry is to a large degree stimulated by an active state intervention. Indeed, the U.S. federal state is one of the most interventionist states in the Western world.

There exists very robust scientific evidence that the United States is not a liberal state (as it is constantly defined) and that the U.S. state is not reducing its key role in developing the national economy, including in the production and distribution of goods and services by large U.S. corporations—which, incidentally, are wrongly referred to as "multinationals" but are actually "transnationals." *This empirical evidence shows that the U.S. federal government's interventionism (in the economic, political, cultural, and security spheres) has increased over the past 30 years.* In the economic sphere, for example, protectionism has not declined. It has increased, with higher subsidies to the agricultural, military, aerospace, and biomedical sectors. In the social arena, public interventions to weaken social rights (and most particularly labor rights) have increased enormously (not only under Reagan, but also under Bush Senior, Clinton, and Bush Junior), and surveillance of the citizenry has increased exponentially. Again, there has been no diminution of federal interventionism in the United States, but rather an even more skewed class character to this intervention during the past 30 years.

Neoliberal narrative about the declining role of the state in people's lives is easily falsified by the facts. Indeed, as John Williamson, one of the intellectual architects of neoliberalism, once indicated, "We have to recognize that what the U.S. government promotes abroad, the U.S. government does not follow at home," adding that "the U.S. government promotes policies that are not followed in the U.S." (4, p. 213). It could not have been said better. In other words, if you want to understand U.S. public policies, look at what the U.S. government does, not what it says. This same situation occurs in the majority of developed capitalist countries. Their states have become more, not less, interventionist. The size of the state (measured by public expenditures per capita) has increased in most of these countries. Again, the empirical information on this point is strong. What has been

happening is not a reduction of the state but rather a change in the nature of state intervention—further strengthening its class character.

DETERIORATION OF THE WORLD ECONOMIC AND SOCIAL SITUATION

Another correction that needs to be made as a rebuttal to neoliberal dogma is that neoliberal public policies have been remarkably unsuccessful at achieving what they claim to be their aims: economic efficiency and social well-being. If we compare the period 1980–2000 (when neoliberalism reached its maximum expression)[1] with the immediately preceding period, 1960–1980, we can easily see that 1980–2000 was much less successful than 1960–1980 in most developed and developing capitalist countries. As Table 1 shows, the rate of growth and the rate of growth per capita in all developing (non-OECD) countries (excluding China) were much higher in 1960–1980 (5.5% and 3.2%) than in 1980–2000 (2.6% and 0.7%). Mark Weisbrot, Dean Baker, and David Rosnick (7) have documented that the improvement in quality-of-life and well-being indicators (infant mortality, rate of school enrollment, life expectancy, and others) increased faster in 1960–1980 than in 1980–2000 (when comparing countries at the same level of development at the starting year of each period). And as Table 2 shows, the annual rate of economic growth per capita in the developed capitalist countries was lower in 1980–2000 than in 1960–1980. But, what is also important to stress is that due to the larger annual economic growth per capita in the OECD countries than in the developing countries (except China), the difference in their rates of growth per capita has been increasing dramatically. This means, in practical terms, that income inequalities between these two types of countries have grown spectacularly, and particularly between the extremes (see Table 2). But, most important, inequalities have increased dramatically not only among but *within* countries, developed and developing alike. Adding both types of inequalities (among and within countries), we find that, as Branco Milanovic (8) has documented, the top 1 percent of the world population receives 57 percent of the world income, and the income

[1] The starting point of neoliberalism and of the growth in inequalities was July 1979, with Paul Volker's dramatic increase in interest rates that slowed down economic growth—plus the two oil shocks that particularly affected countries highly dependent on imported oil (see 5). Volker increased interest rates (thus creating a worldwide recession) as an anti–working class move to weaken labor in the United States and abroad. The rate increase also initiated, as Arrighi (6) noted, a flow of capital to the United States, making it very difficult for other countries, especially poor countries, to compete for the limited capital. The fact that petrol Euro dollars (which increased enormously with the oil shocks) were deposited in the United States made the scarcity of capital particularly hard for poor countries to adapt to. This is the time when the stagnation of the poor countries started. The countries most affected by these neoliberal public policies were the Latin American countries, which followed these policies extensively, and the African countries (the poorest of the poor), which saw extremely negative economic growth. In 2000, 24 African countries had a smaller GNP per capita than 25 years earlier.

Table 1

Economic growth, 1960–2000

	1960–1980	1980–2000
Rate of economic growth in developing countries (except China):		
Annual economic growth	5.5%	2.6%
Annual economic growth per capita	3.2%	0.7%
Rate of economic growth in China:		
Annual economic growth	4.5%	9.8%
Annual economic growth per capita	2.5%	8.4%

Sources: World Bank, *World Development Indicators,* 2001; R. Pollin, *Contours of Descent,* Verso, 2003, p. 131.

Table 2

I. Average annual rate of economic growth per capita in the OECD and developing countries

	1961–1980	1981–2000
(A) OECD countries	3.5%	2.0%
(B) Developing countries (except China)	3.2%	0.7%
Growth differential (A – B)	0.3%	1.3%

II. Growth in income inequalities, 1980–1998 (excluding China)

Income of richest 50% as share of poorest 50%	4% more unequal
Income of richest 20% as share of poorest 20%	8% more unequal
Income of richest 10% as share of poorest 10%	19% more unequal
Income of richest 1% as share of poorest 1%	77% more unequal

Sources: World Bank, *World Development Indicators,* 2001; R. Sutcliffe, *A More or Less Unequal World?* Political Economy Research Institute, 2003; R. Pollin, *Contours of Descent,* Verso, 2003, p. 133.

difference between those at the top and those at the bottom has increased from 78 to 114 times.

It bears emphasizing that even though poverty has increased worldwide and within countries that are following neoliberal public policies, this does not mean the rich within each country (including developing countries) have been adversely

affected. As a matter of fact, the rich saw their incomes and their distance from the non-rich increase substantially. Class inequalities have increased greatly in most capitalist countries.

NEOLIBERALISM AS THE ROOT OF INEQUALITIES

In each of these countries, then, the income of those at the top has grown spectacularly as a result of state interventions. Consequently, we need to turn to some of the categories and concepts discarded by large sectors of the left: class structure, class power, class struggle, and their impact on the state. These scientific categories continue to be of key importance to understanding what is going on in each country. Let me clarify that a scientific concept can be very old but not antiquated. "Ancient" and "antiquated" are two different concepts. The law of gravity is very old but is not antiquated. Anyone who doubts this can test it by jumping from the tenth floor. There is a risk that some sectors of the left may pay an equally suicidal cost by ignoring scientific concepts such as class and class struggle simply because these are old concepts. We cannot understand the world (from the Iraq War to the rejection of the European Constitution) without acknowledging the existence of classes and class alliances, established worldwide between the dominant classes of the developed capitalist world and those of the developing capitalist world. *Neoliberalism is the ideology and practice of the dominant classes of the developed and developing worlds alike.*

But before we jump ahead, let's start with the situation in each country. Neoliberal ideology was the dominant classes' response to the considerable gains achieved by the working and peasant classes between the end of World War II and the mid-1970s. The huge increase in inequalities that has occurred since then is the direct result of the growth in income and well-being of the dominant classes, which is a consequence of class-determined public policies such as: (*a*) *deregulation of labor markets,* an anti–working class move; (*b*) *deregulation of financial markets,* which has greatly benefited financial capital, the hegemonic branch of capital in the period 1980–2005; (*c*) *deregulation of commerce in goods and services,* which has benefited the high-consumption population at the expense of laborers; (*d*) *reduction of social public expenditures,* which has hurt the working class; (*e*) *privatization of services,* which has benefited the top 20 percent of the population (by income) at the expense of the well-being of the working classes that use public services; (*f*) *promotion of individualism and consumerism,* hurting the culture of solidarity; (*g*) *development of a theoretical narrative and discourse that pays rhetorical homage to the markets,* but masks a clear alliance between transnationals and the state in which they are based; and (*h*) *promotion of an anti-interventionist discourse,* that is in clear conflict with the actual increased state interventionism, to promote the interests of the dominant classes and the economic units—the transnationals—that foster their interests. Each of these class-determined public policies requires a state

action or intervention that conflicts with the interests of the working and other popular classes.

THE PRIMARY CONFLICT IN TODAY'S WORLD: NOT BETWEEN NORTH AND SOUTH BUT BETWEEN AN ALLIANCE OF DOMINANT CLASSES OF NORTH AND SOUTH AGAINST DOMINATED CLASSES OF NORTH AND SOUTH

It has become part of the conventional wisdom that the primary conflict in the world is between the rich North and the poor South. The North and the South, however, have classes with opposing interests that have established alliances at the international level. This situation became clear to me when I was advising President Allende in Chile. The fascist coup led by General Pinochet was not, as was widely reported, a coup imposed by the rich North (the United States) on the poor South (Chile). Those who brutally imposed the Pinochet regime were the dominant classes of Chile (bourgeoisie, petit bourgeoisie, and upper-middle professional classes), with the support not of the United States (U.S. society is not an aggregate of 240 million imperialists!) but of the Nixon administration (Nixon as spokesperson for the dominant classes of the United States)—which at that time was very unpopular in the United States, having sent the Army to put down the coalminers' strike in Appalachia.

A lack of awareness of the existence of classes often leads to condemnation of an entire country, frequently the United States. But, in fact, the U.S. working class is one of the first victims of U.S. imperialism. Some will say that the U.S. working class benefits from imperialism. Gasoline, for example, is very cheap (although increasingly less so) in the United States. It costs me $35 to fill my car in the United States and 52 euros to fill the same-model car in Europe. But, by contrast, public transportation in the United States is practically nonexistent in many regions. The working class of Baltimore (where the Johns Hopkins University is located), for example, would benefit much more from first-class public transportation (which it does not have) than dependency on a car, whatever the price of gasoline. And let's not forget that the energy and automobile industry interests have been major agents in opposing and destroying public transport systems in the United States. The U.S. working class is a victim of its nation's capitalist and imperialist system. It is not by chance that no other country in the developed capitalist world has such an underdeveloped welfare state as the United States. More than 100,000 people die in the United States every year due to a lack of public health care.

The tendency to look at the distribution of world power while ignoring class power within each country is also evident in the frequent criticism that the international organizations are controlled by the rich countries. It is frequently pointed out, for example, that the 10 percent of the world population living in the richest countries has 43 percent of the votes in the IMF, but it is not the 10 percent

of the population living in the so-called rich countries that controls the IMF. It is the dominant classes of those rich countries that dominate the IMF, putting forward public policies that hurt the dominated classes of their own countries as well as those of other countries. The director of the IMF, for example, is Rodrigo Rato, who while Spain's minister of economy in the ultra-right government of José María Aznar (who partnered with Bush and Blair to support the Iraq War) carried out the brutal austerity policies that severely reduced the standard of living of the Spanish popular classes (9).

Let me also clarify another point. Much has been written about the conflict within the WTO between rich and poor countries. The governments of the rich countries, it is said, heavily subsidize their agriculture while raising protective barriers for industries such as textiles and foods that are vulnerable to products coming from the poor countries. While these obstacles to world trade do indeed adversely affect poor countries, it is wrong to assume that the solution is freer worldwide trade. Even without the barriers, the higher productivity of the rich countries would guarantee their success in world trade. What poor countries need to do is to change from export-oriented economies (the root of their problems) to domestic-oriented growth—a strategy that would require a major income redistribution and is thus resisted by the dominant classes of those (and of the rich) countries. It is extremely important to realize that most countries already have the resources (including capital) to break with their underdevelopment. Let me quote from an unlikely source. The *New York Times,* in the middle of the Malthusian highs (when population explosion was held to be the cause of world poverty), published a surprisingly candid assessment of the situation in Bangladesh, the poorest country in the world. In this extensive article, Ann Crittenden (10) touched directly on the root of the problem: the patterns of ownership of the production asset—the land:

> The root of the persistent malnutrition in the midst of relative plenty is the unequal distribution of land in Bangladesh. Few people are rich here by Western standards, but severe inequalities do exist and they are reflected in highly skewed land ownership. The wealthiest 16% of the rural population controls two thirds of the land and almost 60% of the population holds less than one acre of property.

Crittenden is not hopeful that the solution is technological. Quite to the contrary, technology can make things even worse:

> The new agricultural technologies being introduced have tended to favor large farmers, putting them in a better position to buy out their less fortunate neighbors.

Why does this situation persist? The answer is clear.

> Nevertheless, with the government dominated by landowners—about 75% of the members of the Parliament hold land—no one foresees any official support for fundamental changes in the system.

Let me add that in the U.S. State Department's classification of political regimes, Bangladesh is placed in the democratic column. Meanwhile, hunger and underweight are the primary causes of child mortality in Bangladesh. The hungry face of a child in Bangladesh has become the most common poster used by many charitable organizations to shame people in developed countries into sending money and food aid to Bangladesh. With what results?

> Food aid officials in Bangladesh privately concede that only a fraction of the millions of tons of food aid sent to Bangladesh has reached the poor and hungry in the villages. The food is given to the Government, which in turn sells it at subsidized prices to the military, the police, and the middle class inhabitants of the cities.

The class structure of Bangladesh and the property relations that determine it are the causes of the enormous poverty. As Ann Crittenden concludes:

> Bangladesh has enough land to provide an adequate diet for every man, woman and child in the country. The agricultural potential of this lush green land is such that even the inevitable population growth of the next 20 years could be fed easily by the resources of Bangladesh alone.

Most recently, Bangladesh has been much in the news as having undergone high economic growth due primarily to its exports in the world market. But that growth has been limited to a small, export-oriented sector of the economy and has left untouched the majority of the population. Malnutrition and hunger, meanwhile, have increased.

THE STATES AND CLASS ALLIANCES

In the establishment of class alliances, states play a key role. U.S. foreign policy, for example, is oriented toward supporting the dominant classes of the South (where, incidentally, 20 percent of the world's richest persons live). These alliances include, on many occasions, personal ties among members of the dominant classes. Examples are many—among them, the traditional support of the Bush family for the Middle East feudal regimes; Clinton's support for the United Arab Emirates (UAE), one of the major supporters of the Clinton Library in Arkansas and major donor to Clinton in speaking fees (up to a million dollars) and to causes favoring Clinton (11). The UAE is one of the world's most oppressively brutal regimes. The dominant classes deny citizenship to 85 percent of the working population (called "guest workers"). Needless to say, international agencies

(heavily influenced by the U.S. and European governments) promote such alliances based on the neoliberal rhetoric of free markets. Cutting public social expenditures (including health expenditures), as advocated by the IMF and the World Bank, is part of the neoliberal public policies pushed by the dominant classes of the North and South at the expense of the well-being and quality of life of the dominated classes of both North and South. In all these examples, the states of the North and the South play a critical role.

Another example of alliances among dominant classes is the current promotion of for-profit health insurance by the Bush administration, both to the U.S. population and, increasingly, to the developing world. This is done with the advice and collaboration of conservative governments in Latin America on behalf of their dominant classes, which benefit from private insurance schemes that select clientele and exclude the popular classes. Those popular classes, in the United States and Latin America, profoundly dislike this push toward for-profit health care. (The movie *John Q* relates the hostility toward health insurance companies among the U.S. working class.) The fact that the dominant classes in the developed and developing countries share class interests does not mean they see eye-to-eye on everything. Of course not. They have major disagreements and conflicts (just as there are disagreements and conflicts among the different components of the dominant classes in each country). But these disagreements cannot conceal the commonality of their interests, as clearly exposed in the neoliberal focus (such as at Davos) and neoliberal instruments that have a hegemonic position (such as the *Economist* and the *Financial Times*).

IS THERE A DOMINANT STATE IN THE WORLD TODAY?

More than globalization, what we are witnessing in the world today is the *regionalization* of economic activities around a dominant state: North America around the United States, Europe around Germany, and Asia around Japan—and soon China. Thus there is a hierarchy of states within each region. In Europe, for example, the Spanish government is becoming dependent on public policies of the European Union, in which the German state predominates. This dependency creates an ambivalent situation. On the one hand, the states of the European Union chose to delegate major policies (such as monetary policies) to a higher institution (the European Central Bank, which is dominated by the German Central Bank). But this does not necessarily mean that the Spanish state loses power. "Losing power" means you had more power before, which is not necessarily the case. Spain, for example, is more powerful with the euro as currency than it was with the peseta. Indeed, Spain's President Zapatero would have paid a very high cost in his confrontation with Bush (in withdrawing Spanish troops from Iraq) if Spain still had the peseta as its national currency. Sharing sovereignty can increase power. On the other hand, the European government is frequently used by Europe's dominant classes as excuse and justification for unpopular policies that they want

to implement (such as reducing public expenditures as a consequence of the European Stability Pact, which forces countries to maintain a central government deficit below 3 percent of GNP); these policies are presented as coming from European legislation rather than from any of the member states, thus diluting the responsibility of each government. Class alliances at the European level are manifested through the operation of E.U. institutions heavily committed to neoliberal ideology and public policies. The "no" vote on the proposed European Constitution was the response of the working classes of some member states to the European institutions that operate as alliances for Europe's dominant classes.

Within the hierarchy of states, some are dominant. The U.S. state has a dominant place that is maintained through a set of alliances with the dominant classes of other states. Neoliberal ideology provides the linkage among these classes. Needless to say, there are conflicts and tensions among them. But these tensions cannot outweigh the commonality of their class interests. Among the practices that unite them are aggressive policies against the working class and left-wing instruments. The 1980–2005 period was characterized by an aggressive campaign against left-wing parties that had been successful in the earlier, 1960–1980, period. During the "neoliberal" period, the alliance of the dominant classes has promoted multi-class religious movements that have used religion as a motivating force to stop socialism or communism. It was the administration of President Carter that began to support the religious fundamentalists in Afghanistan against the communist-led government. From Afghanistan to Iraq, Iran, the Palestinian Territories, and many other Arab countries, the dominant classes of the United States and Europe, through their governments, funded and supported the religious fundamentalists—often not only out of their own class interests, but out of their own religiosity. The "moral majority" in the United States was supposed to become the moral majority worldwide. These profoundly anti-left fundamentalist movements developed their own dynamics, channeling the enormous frustrations of the Arab masses with their oppressive, feudal regimes, to replace those regimes with equally oppressive religious theocracies, as has happened in many Arab countries.

But it is wrong to see the support by the dominant classes for the feudal regimes as simply a product of the Cold War. It was much more than that. It was a class response. The best evidence for this is that the support continued even after the collapse of the Soviet Union. The Cold War was an excuse and justification for carrying on the class struggle at the world level—as its continuation proves. Class war has indeed become an extremely active component of U.S. interventionism. It was the "shock therapy" pushed by Lawrence Summers and Jeffrey Sachs in Russia during the Clinton administration that led to the shortening of life expectancy in Russia, a consequence of the dramatic decline in the standard of living of the Russian popular classes. (That Sachs was asked to chair the WHO Commission on Macroeconomics and Health illustrates the enormous influence of neoliberalism. Another example of such influence is the WHO report on health

systems performance, co-authored by Christopher Murray and Julio Frenk (12) and critiqued by Navarro (13).) The increased privatization of major public assets was part of that class war in Russia, as it has been in Iraq. The chief of the U.S. occupation in Iraq, Paul Bremer, fired half a million government workers, slashed business taxes, gave investors extraordinary new rights, and eliminated all import restrictions for all business except the oil industry. As Jeff Faux relates in *The Global Class Struggle* (14), the only laws from the brutal Iraqi dictatorship that the occupation did not supplant were those that were anti–labor union, including a restrictive collective-bargaining agreement that took away all workers' bonuses and food and housing subsidies. As the *Economist* (15) editorialized, "The occupation of Iraq is a capitalist's dream."

Recently, another version of the North-South divide appears in the writings of one of the most influential thinkers in the United States, the philosopher John Rawls, who divides the countries of the world into *decent* and *non-decent* countries. The decent countries (mostly located in the developed capitalist world) are those that have democratic rights and institutions, while the non-decent countries (mostly located in the developing capitalist world) are those that do not. After dividing the world into these two categories, Rawls concludes that the non-decent countries had better be ignored, although he admits "a moral responsibility to help poor countries that are prevented by poverty from organizing themselves as liberal or decent society." I find such positions and statements remarkable for their overwhelming ignorance of past and present international relations, as well as of the class relations in each of those countries. Rawls further confuses governments with countries (a confusion that occurs frequently in the assumption that the primary conflict is between North and South). What he calls non-decent countries (characterized by brutal and corrupt dictatorships) have classes; their dominant classes have not been ignored in activities cultivated and supported by the dominant classes of the decent countries, which have also hurt the quality of life and well-being of their own dominated classes. Also, in Rawls's so-called non-decent countries, there are class-based movements that endure enormous sacrifices, carrying out a heroic struggle for change, struggling constantly while handicapped and opposed by the dominant classes of the so-called decent countries. I find it remarkable (but predictable) that such an intellectual figure defines the moral compass of these indecent classes. The latest example of this indecency is the reported support of the U.S. and U.K. governments for the King of Nepal, in their concern to stop a mass revolt led by left-wing parties.

INEQUALITIES AMONG COUNTRIES AND THEIR SOCIAL CONSEQUENCES

That inequalities contribute to a lack of social solidarity and increase social pathology is well documented. Many people, including myself, have documented

this reality (16). The scientific evidence supporting this position is overwhelming. In any given society, the greatest number of deaths would be prevented by reducing social inequalities. Michael Marmot studied the gradient of heart disease mortality among professionals at different authority levels, and he found that the higher the level of authority, the lower the heart disease mortality (17). He further showed that this mortality gradient could not be explained by diet, physical exercise, or cholesterol alone; these risk factors explained only a small part of the gradient. The most important factor was the position that people held within the social structure (in which class, gender, and race play key roles), the social distance between groups, and the differential control that people had over their own lives.

This enormously important scientific finding, which builds upon previous scholarly work, has many implications; one of them is that the major problem we face is not simply eliminating poverty but rather reducing inequality. The first is impossible to resolve without resolving the second. Another implication is that poverty is not just a matter of resources, as is wrongly assumed in World Bank reports that measure worldwide poverty by quantifying the number of people who live on a standardized U.S. dollar a day. The real problem, again, is not absolute resources but social distance and the different degrees of control over one's own resources. And this holds true in every society.

Let me elaborate. An unskilled, unemployed, young black person living in the ghetto area of Baltimore has more resources (he or she is likely to have a car, a mobile phone, a TV, and more square feet per household and more kitchen equipment) than a middle-class professional in Ghana, Africa. If the whole world were just a single society, the Baltimore youth would be middle class and the Ghana professional would be poor. And yet, the first has a much shorter life expectancy (45 years) than the second (62 years). How can that be, when the first has more resources than the second? The answer is clear. It is far more difficult to be poor in the United States (the sense of distance, frustration, powerlessness, and failure is much greater) than to be middle class in Ghana. The first is far below the median; the second is above the median.

Does the same mechanism operate in inequalities among countries? The answer is increasingly, yes. And the reason for adding "increasingly" is communication—with ever more globalized information systems and networks, more information is reaching the most remote areas of the world. And the social distance created by inequalities is becoming increasingly apparent, not only within but also among countries. Because this distance is more and more perceived as an outcome of exploitation, we are facing an enormous tension, comparable with that of the 19th and early 20th centuries, when class exploitation became the driving force for social mobilization. The key element for defining the future is through what channels that mobilization takes place. What we have seen is a huge mobilization, instigated and guided by an alliance of the dominant classes of the North and South, aimed at—as mentioned earlier—stimulating multi-class religious or nationalistic mobilizations that leave key class relations unchanged. We saw this

phenomenon at the end of the 19th and beginning of the 20th centuries. Christian Democracy in Europe, for example, appears as the dominant classes' response to the threat of socialism and communism. The birth of Islamic fundamentalism was also stimulated for the same purposes.

The progressive alternative must be centered in alliances among the dominated classes and other dominated groups, with a political movement that must be built upon the process of struggle that takes place in each country. The struggle for better health in any country has to be part of that broader struggle to build a better world, emphasizing that another world—based on solidarity—is possible. But, to intervene in and change current reality, we have to understand it, with a critical evaluation of the conventional wisdom that reproduces neoliberalism worldwide—an evaluation that should be uncompromising in the sense that it should fear neither its own results nor conflict with the powers that be. In that respect, this evaluation should include the political analysis rarely seen in scholarly work. And here, I am concerned that the newly established WHO Commission on Social Determinants of Health (18) is not looking at the basis of the problems that determine poor health, problems that are rooted in class as well as in race and gender power relations and in the political instruments through which such power is exercised and reproduced. The political determinants of health need to be understood and acted upon, however uncomfortable or risky this may be. Such is the intention of this article.

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